DEINDUSTRIALIZATION AND UNEMPLOYMENT IN AMERICA

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It is clear that we are living in strange times. Unemployment in September (1982) reached 10.1% with more than 11 million people out of work. Even Ronald Reagan tells us that unemployment will continue to rise until recovery sets in and then it will fall only very slowly. In most areas of the country, somewhere close to one in five non-whites are unemployed. Joblessness among youth exceeds 50% in many inner cities. Moreover, these statistics refer to the "survey week." Because workers are unemployed for a period of time, then go back to work, and other people become unemployed, the number of individuals who experience joblessness over the course of a year is much higher than even these statistics suggest. Over one-fifth of the labor force will experience unemployment sometime during this year. In round numbers that means somewhere between 24 and 26 million people.

Cities like Detroit, where I grew up, and Buffalo and St. Louis are on the verge of going out of business. Between 1970 and 1980, the City of St. Louis lost 27% of its population. Buffalo lost 23%; Detroit lost 19%. Detroit, with a population of almost two million in 1950, is down to less than 1.2 million today. We are abandoning communities throughout the country, and particularly in the industrial Midwest.

And yet, despite the highest unemployment in 40 years and the loss of some of our greatest cities, the stock market is on a bullish stampede. In October (1982) the Dow-Jones climbed more than 43 points in a single day — a record on the New York Stock Exchange. The exchange closed that day at 1000.65, the highest level in history. In London, in Australia, in Geneva, and in Tokyo the stock markets recorded all-time highs. These are indeed strange times! Unemployment is at 10.1% and the stock
market is going through the roof. Is the economy finally on the road to recovery? Is the Reagan program really working? Who are the real winners (and the real losers) in this game?

The economic issues we face today (e.g., unemployment, productivity decline, slow growth, the abandonment of community) are among the most difficult issues we have ever had to face. For somebody like me, who attended college in the 1960s and was a charter member of Students for a Democratic Society, the issues we fought over then were much easier than the ones that now must be faced. The issues in the 1960s concerned clear-cut fundamental human values. There was a definite right and wrong to the issues, and one hardly needed a sophisticated mathematical model to tell one from the other. There was, for example, no question at all about the sanctity of voting rights. In 1965, when friends and I drove down to Montgomery, Alabama, to march with Robert Moses of the Student Non-Violent Coordinating Committee and Martin Luther King, Jr., there was no question about what was right and what was wrong. There was no need to debate fine philosophical points or consult a computer before one could decide what needed to be done. For many of us, Vietnam was similar. There was a moral right and a moral wrong to that war and one did not need a Ph.D. to figure it out.

In the 1980s, the issues are extraordinarily more complex. I wish there were some simple analyses and simple solutions to unemployment, economic growth, the income distribution, and international economic equity, but there are none. The Kennedy tax cut, the development of the Great Society programs of Lyndon Johnson, and the War on Poverty all seemed to work during the 1960s. Unemployment plummeted to less than 4%, the incidence of poverty was cut nearly in half, and our standard of living increased dramatically. But in the 1970s these same programs failed to bring any additional improvement. Inflation soared, and along with high unemployment we learned about a new phenomenon: stagflation.

In 1980 the country turned to Reaganomics, a sharp departure from earlier policy. After two years of supply-side economics, it seems fair to call this experiment a substantial failure. Reaganomics never did make much sense theoretically: cutting taxes and boosting defense spending do not mix very well, creating massive deficits. Unfortunately at this point the Democrats have no alternative. The problems of unemployment, inflation, and falling incomes are indeed complex, and simple solutions simply will not do.

To begin to think about solutions, we need first to analyze what has